

MILPITAS PLANNING COMMISSION AGENDA REPORT

Category: New Business

Report Prepared by: Felix Reliford

Public Hearing: Yes: _____ No: X

Notices Mailed On: N/A Published On: N/A Posted On: N/A

TITLE: Review of Proposed Text Amendment to the Zoning Ordinance

Proposal: Amendment to Title XI, Chapter 10 (Planning, Zoning and Annexation) of the Milpitas Municipal Code Relating to Establishing Affordable Housing Regulations and In-Lieu Housing Fee

Location: Citywide/Residential and Mixed Use Zoning Designations

APN: N/A

RECOMMENDATION: **Review proposed text amendment and provide staff with any comments or revisions prior to the submittal of the final amendments at the March 26, 2003 meeting.**

Applicant: City of Milpitas

Property Owner: N/A

Previous Action(s): N/A

General Plan Designation: "R-1", "R-2", "R-3", "R-4", "R-4-TOD", "TC", "MXD", and "MXD-TOD"

Present Zoning: N/A

Existing Land Use: N/A

Agenda Sent To: N/A

Attachments: Proposed Zoning Ordinance Text Amendment-Affordable Housing Requirements and In-Lieu Housing Fee
Midtown Specific Plan Policy No. 3.6 and 7.9
Milpitas General Plan Housing Element Policy No. C-I-2

BACKGROUND**Midtown Specific Plan**

At its meeting on February 27, 2002, Planning Commission recommended approval of the Milpitas Midtown Specific Plan to the City Council. On March 19, 2002, City Council approved the Midtown Specific, which provides a long-term vision to guide growth and investment in Milpitas industrial and commercial core for the next twenty years. The goal of the Midtown Specific Plan was to encourage the development of a high-quality, livable and exciting urban center within Milpitas that supports the community investment in transit and creates housing.

The Midtown Specific Plan (Policy No. 3.6 and 7.9) includes a goal of achieving 20% affordable housing for all new developments and the implementation of an in-lieu housing fee. The Milpitas

General Housing Element (Policy C-I-2) also states that the city should target at least 20% of affordable units within new multifamily residential projects. Also, HUD comprehensive Five-Year Consolidated Plan previously adopted by the City Council encourages and promotes affordable housing policies to obtain long term affordability to various income groups.

The Midtown Specific Plan provides for up to 4, 860 new dwelling units. Approximately, 160 acres of land in the Midtown Area has been designated for residential development to accomplish this goal.

Midtown Specific Plan-Implementation Policy No. 3.6 and 7.9

Policy 3.6 and 7.9 of the Midtown Specific Plan requires that affordable housing units should be provided with new housing development and that housing developments of 12 units or less can pay a in-lieu housing fees (when appropriate), instead of providing the affordable housing units. A mixture of affordable and market-rate housing will be provided for all income levels. The affordable housing unit requirements will be determined on a project-by-project basis considering the size of the project, the location of the site, and the mix of affordable units in the Midtown Area. Affordable housing units will be well integrated with the housing developments with the same access and other recreational amenities as the market rate units.

To assist the affordable housing effort, Policy 7.8 states that the use of available Redevelopment Agency 20% Set-Aside should be used to assist in the provision of affordable rental and ownership housing within market-rate projects and the leveraging of funds to maximize affordability opportunities.

Milpitas Affordable Housing Regulations and In-Lieu Housing Fee

The purpose and intend of the in-lieu housing fee is to enhance the public welfare by ensuring that future housing developments contributes to the attaining the City's housing goals. These goals are set forth in the City of Milpitas General Plan Housing Element, HUD's Five-Year Consolidated Plan and Midtown Specific Plan by increasing the production of residential units affordable to households of low and moderate-income levels.

The in-lieu housing fees would only be required in circumstances where the developer has demonstrated to the City (review of the developers Pro Forma and other necessary financial documents) that the affordable housing unit(s) cannot be provided and that the in-lieu housing fee will be required to be collected.

Also, staff recommends that the proposed Affordable Housing Regulations and In-Lieu Housing Fees be applied Citywide (instead of just the Midtown Specific Plan Area) in regards to fairness, equity and disbursement of affordable housing units equally throughout the community.

Formula for Calculating In-Lieu Housing Fees

The formula for calculating the In-Lieu Housing Fees shall be as follows:

The difference between the Fair Market Rate of the Unit and Below Market Rate Unit Price (For-Sale Units Only:

Example:	Fair Market Rate Unit Price:	\$400,000
	Below Market Rate Unit Price:	\$275,000
		<hr/>
	In-Lieu Housing Fee:	\$125,000/per unit
Rental Units Only:		

Example:	Rental Units	\$50,000/per unit (*)
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(*) Note: This sum is equivalent to approximately two dollars and fifty cent (\$2.50) per square foot of proposed development.

Housing Fund

A housing fund will be established for the deposit of all in-lieu fees and other penalties and payments made to the city under the provisions of this chapter. The purpose of the fund is to assist in providing affordable housing to very low, low and moderate-income households and to cover administrative costs of the BMR program.

Included in the Commission's agenda packet is a draft of the proposed ordinance with the Affordable Housing Regulations and In-lieu Housing Fee and City's affordable housing policies.

RECOMMENDATION:

1. Review the Draft Affordable Housing Regulations and In-Lieu Housing Fees Ordinance and provide staff with any comments or revisions prior to the final submittal of the text amendments at the March 26, 2003 meeting.

DRAFT COPY**REGULAR****NUMBER 38.761**

Title: AN ORDINANCE OF THE CITY OF MILPITAS ADDING SECTIONS 54.21 OF CHAPTER 10, TITLE XI OF THE MILPITAS MUNICIPAL CODE RELATING TO ESTABLISHING AFFORDABLE HOUSING REGULATIONS AND IN-LIEU HOUSING FEES

Title XI, Chapter 10, Section 54.21 of the Milpitas Municipal Code is hereby adding as follows, (*new text italic*):

54.21 Affordable Housing Regulations and In-Lieu Housing Fees

54.21-1 Purpose

The purpose of this chapter is to enhance the public welfare by ensuring that future housing development contributes to the attainment of the housing goals set forth in the City of Milpitas General Plan Housing Element and Midtown Specific Plan by increasing the production of residential units affordable by households of very low, low and moderate income. The provisions of this section are applicable to all residential developments within the City of Milpitas.

54.21-2 General Requirements

A. All residential developments consisting of five or more dwelling units designed and intended for permanent occupancy located in the following zoning districts in the City of Milpitas "R-1", "R-2", "R-3", "R-4", "R-4-TOD", "TC", "MXD, and "MXD-TOD" -shall be required to provide affordable housing or an housing in-lieu fee according to the terms of this section. The foregoing requirement shall be applied no more than once to a given development, regardless of changes in the character or ownership of the development.

B. Any tentative map, use permit, planned unit development, "S" zone application or use of the density bonus ordinance approving residential construction projects meeting the foregoing criteria shall contain conditions sufficient to ensure compliance with the provisions of this section. Such conditions shall specify the schedule of construction of below market rate (BMR) units, the number of BMR units (whether for sale or rental) and their prices, and appropriate resale controls.

54.21-3 Definitions

- (a) *"Affordable Housing" means housing which costs a very low, low or moderate-income household no more than approximately thirty (30%) percent of its gross monthly income. Costs included in the calculation of income for ownership housing are monthly mortgage principal and interest payments, homeowners' insurance, property taxes and homeowners association fees, where applicable. Costs included in the calculation of income allocated to rental housing are monthly rent.*
- (b) *"Below Market Rate (BMR) Unit" means an ownership or rental unit under this program, which is affordable to households with very low, low and moderate incomes as defined in this section.*
- (c) *"Density Bonus" means an entitlement to build additional residential units above the maximum number of units permitted by the applicable zoning designation, General Plan or precise plan.*
- (d) *"Gross Household Income" means the household income of all the adult members of the household over the age of 18 years.*
- (e) *"In-Lieu Housing Fee" means a fee paid by a developer into the City's housing fund in place of providing the required below market rate unit.*
- (f) *"Low-Income Household" means a household whose gross income is between fifty (50%) percent and eighty (80%) percent of the median household income, adjusted for size, for Santa Clara County as published periodically by the State Department of Housing and Community Development (HCD).*
- (g) *"Market Rate Unit" means a housing unit or legal lot for such unit offered on the open market at the prevailing market rate for purchase or rental.*
- (h) *"Moderate-Income Household" means a household whose gross income is between eighty (80%) and one hundred twenty (120%) percent of the median household income, adjusted for size, for Santa Clara County as published periodically by the State Department of Housing and Community Development.*
- (i) *"Resale Controls" means legal restrictions by which the price of below market rate units and the eligibility of purchasers or renters shall be restricted to ensure that the unit remains affordable to very low, low and moderate-income households.*
- (j) *"Residential Development" includes, without limitation, detached single-family dwellings, duplexes, multiple-family dwelling structures, condominium or townhouse developments, condominium conversions and land subdivisions intended*

to be sold or rented to the general public. Mixed projects shall mean projects containing both rental units and for sale units.

- (k) "Very Low-Income Household" means a household whose gross income is less than fifty (50% percent of the median household income), adjusted for size, for Santa Clara County as published periodically by the State Department of Housing and Community Development.*
- (l) "Zoning Permit" means any of the several discretionary permits described in the Milpitas Zoning and Subdivision Ordinances (Title XI) authorizing land uses, development, construction or alteration of uses or building within a zoning district.*

Note: If the indexes referenced in this section (f, h, k above) or successor indexes are no longer published by the State Department of Housing and Community Development, then a successor index shall be selected by the City Manager. In selecting the successor index, the City Manager shall choose an index published by a federal, state or county agency that most closely corresponds with the previous index.

54.21-4 Location and Design of BMR Units

All BMR units in a project or phase of a project shall be constructed concurrently with the non-BMR units, shall be dispersed throughout such project and reflect the range of numbers of bedrooms provided in the project as a whole, and shall not be distinguished by exterior design, construction or materials. There shall not be significant identifiable differences between the BMR and market rate units that are visible from the exterior of the dwelling unit, and the size and design of the dwelling unit shall be reasonably compatible and consistent with the market rate units in the development. The BMR units shall have the same access to project amenities and recreational facilities as the market rate units.

Identification and designation of BMR units and appropriate resale controls shall be incorporated as a part of the grant deed of a residential development regulated by this chapter. All such controls or restrictions applicable thereto shall run with the land for a period not less than 30 years from the date of recordation and shall be recorded as a part of the grant deed, with the County Recorder of Santa Clara County. Proof of such recordation shall be deemed a condition prior to occupancy of any residential unit within a residential development regulated hereunder.

54.21-5 Calculating Regarding Fractions of Units

If the calculation of the BMR units results in a fraction of a unit, the following shall apply regarding provision of below market rate units and/or in-lieu housing fee paid to the City's housing fund. Any fraction of a dwelling unit or parcel less than fifth-tenths shall be disregarded and any fraction greater than or equal to

five-tenths shall be construed as one dwelling unit. The foregoing requirement shall be applied no more than once to a given development, regardless of changes in the character or ownership of the development.

54.21-6 Density Requirements

The density requirements for any residential development shall be consistent with the density provisions established in the Milpitas General Plan and Midtown Specific Plan.

54.21-7 Below Market Rate (BMR) Units Price and Procedure

Sale prices of below market rate residential units shall be established by the City or its designee at levels affordable to very low, low and/or moderate-income households. Rental prices of such units shall be established at levels affordable to very low, low and/or moderate-income households. The owner of a development governed by this section shall give written notice to the City or its designee, prior to the issuance of an occupancy permit, stating the availability of such units, the number of bedrooms in each, the estimated construction cost of each, whether each unit is to be sold or rented, and such other information as may be required in order to establish a sales or rental price and arrange for qualified occupants.

City Council approval shall be required for any change in the range of sale prices. The maximum BMR units' prices to be charged by applicants or projects owners not participating in Federal Section 8 or similar programs shall be in accordance with the percent change in published HUD income levels.

The City or its designee shall advertise the existence and terms of the BMR housing program to the general public, shall accept applications from prospective purchasers and tenants, shall determine the qualifications of such persons, and shall compile and maintain a list of qualified purchasers. Advertising shall be published in a local paper of circulation within the City of Milpitas.

54.21-8 Eligibility Requirements for BMR Units Occupants

The City or its designee shall select potential occupants of BMR units from a list of those persons qualified on the basis of household income, the median combined household income statistics published periodically by HUD, all sources of household income and assets, a relationship between household size and the size of available units and further appropriate criteria, and an equitable selection method to be established in conformance with the terms of this chapter. No distinction shall be made between adults and children. All persons in each of the following categories, or otherwise qualified persons, shall be selected before persons from the next succeeding category are selected:

- (1) First Priority: Persons who live or reside in the City of Milpitas.*
- (2) Second Priority: Persons who work within the jurisdictional boundaries of*

the City of Milpitas.
(3)Third Priority: *Persons who live and work outside the jurisdictional boundaries of the City of Milpitas.*

Each purchaser of a BMR dwelling unit shall certify, prior to the close of escrow, in a form acceptable to the City or its designee that the unit is being purchased and shall be maintained as the purchaser's primary place of residence. Failure of the purchaser to maintain eligibility for a homeowner's property tax exemption shall be construed as evidence that the BMR unit is not the primary place of residence of the purchaser.

54.21-9 Housing Fund

A housing fund is hereby established for the deposit of all in-lieu housing fees and other penalties and payments made to the City under the provisions of this section. The purpose of the fund is to assist in providing affordable housing to very low, low and moderate-income households and to cover administrative costs of the BMR program.

54.21-10 Term

All BMR units shall be maintained as affordable housing for a period of at least thirty (30) years. Any request to amend this condition shall be subject to review and approval by the Milpitas City Council.

54.21-11 Density Bonus

Compliance with the provisions of this article does not entitle a residential development to a density bonus. Any request for the use of the Density Bonus Ordinance shall be made separately prior to applying the provisions of this section.

54.21-12 Enforcement

The provisions of this article shall apply to agents, successors and assigns of an applicant proposing or constructing a residential development governed by this article. No zoning permit, tentative subdivision map, occupancy permit, or other entitlement shall be issued unless it is in compliance with the terms of this article.

The City may institute any appropriate legal actions or proceedings necessary to ensure compliance herewith, including, but not limited to, actions to revoke, deny or suspend any permit or development approval. The City shall be entitled to reimbursement by the applicant developer for costs and expenses for enforcement of the provisions of this article or any agreement pursuant thereto, as awarded by the court, including reasonable attorney fees.

Any individual who sells or rents a restricted unit in violation of the provisions of this article shall be required to forfeit all monetary amounts so obtained in excess of the allowed resale or rental rate prices. Such amounts shall be added to the City's Housing Fund.

54.21-13 Appeals

Appeals of a BMR condition in a zoning permit or parcel or subdivision map shall be to the City Council. The City Council shall hold a public hearing to consider any appeals in accordance with Sections 64.01, 64.02 and 64.03 of this chapter ("Notice and Appeal")

In-Lieu Housing Impact Fee Formula

Difference Between the Fair Market Rate and Below Market Rate Unit Price

- The Below Market Rate In-Lieu Fee for individually owned units shall equal the difference between the fair market value of the BMR unit and the BMR price as established in the BMR price agreement between the City and Developer.

Flat Fee Based on Approximation of Construction Cost

- The Below Market Rate for rental units shall be an in-lieu payment fee to the City's Housing Trust Fund of \$50,000/per required unit as a reasonable approximation of the cost of constructing an average below market rate unit. This sum is equivalent to approximately two dollars and fifty cent (\$2.50) per square foot of proposed development.

Example: For-Sale Unit

Fair Market Rate Unit Price:	\$400,000
BMR Unit Price:	\$275,000
In-Lieu Housing Impact Fee:	<hr/> \$125,000/per BMR unit

Example: Rental Unit: **\$50,000/per BMR unit**



The plan provides for a range of higher density housing ranging from townhouses, above, to apartments, condominiums and lofts.

office buildings (see Policy 3.18 below). Parking must meet the requirements of the City's Zoning Ordinance.

Residential Policies

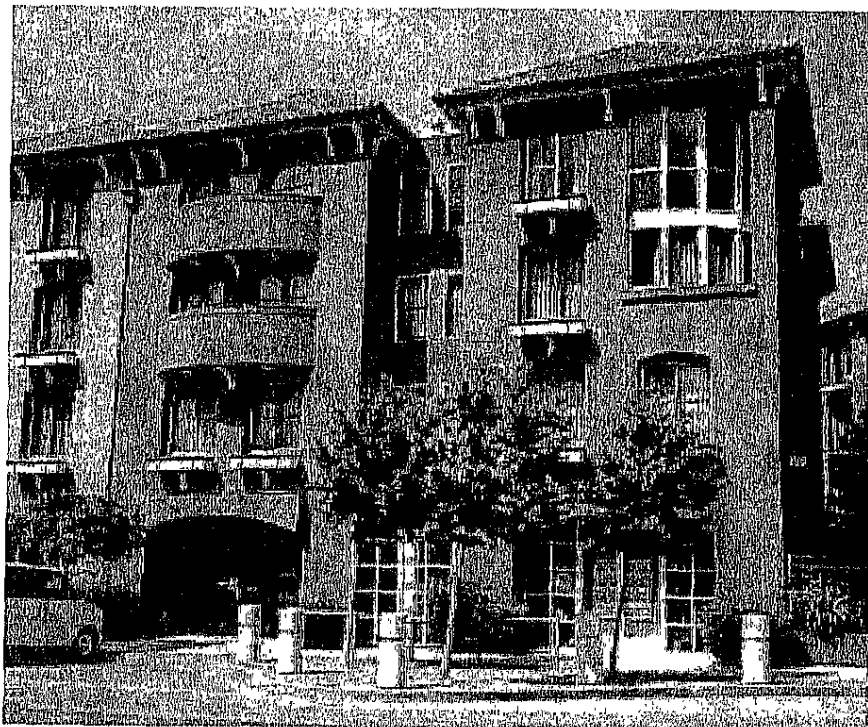
There is a tremendous need for housing in Santa Clara County. A recent study found that between 1995 and 1999, there were seven jobs created for every new housing unit.² The scarcity and expense of housing has several serious implications for the region: increased commuting and congestion, decreased air quality, and greater loss of open space and environmental resources. Providing new housing within the Midtown Area not only would begin to address the tremendous demand that exists, but the transportation congestion issue as well. Recent studies conducted in

the Bay Area reveal that there are significant reductions in automobile commuting when multi-family housing is located near transit stations.³ Finally, housing can also breathe new life into areas by bringing in people to support businesses, and creating activity during both daytime and nighttime hours.

The following sections describe the various policies that support the goals of the Specific Plan.

Policy 3.1: Allow for up to 4,860 new housing units in Milpitas Midtown.

The Specific Plan greatly expands the opportunity for new housing in the Midtown Area; much of this land is in locations that are within



Higher density "villages" with housing and small shops can create an attractive and vibrant environment around transit stations.

one-half mile of the transit stations. In total, the plan calls for redesignating approximately 100 acres of land for housing. This land is designated for multifamily housing ranging from 20 to 60 dwelling units per acre. If all of the sites designated for housing were developed to the greatest allowable density, a maximum of approximately 4,860 new housing units could be developed in the Midtown Area. However, it is not anticipated that all sites will be developed at their allowable maximum density.

Policy 3.2: Provide for higher density residential development within the TOD overlay zone around Great Mall Parkway and Capitol Avenue.

The highest densities in the Midtown Area, up to 60 units per acre, are focused around the Great

Mall/Main Street LRT, Tasman East LRT line at Capitol Avenue, and the future Capitol/Montague BART Stations. The intent is to purposefully reinforce the use of transit and support the investment in the system.

Policy 3.3: Allow ground-floor office and retail uses within the South Midtown TOD overlay zone with residential development.

Ground-floor commercial office and support retail shops and services (i.e., restaurants, cafes, exercise facilities, dry cleaners, video rental, automated teller machines) are encouraged around the transit stations, particularly at Capitol Avenue and Montague Expressway. A mix of uses in this area would provide benefits by creating a vital day and night environment at the transit hub,

as well as allowing opportunities for linking trips by foot. This, in turn, reduces the need for automobile trips. The intention of this policy is to allow a mixture of uses on the site; however, the development should remain predominantly residential (i.e., office and retail shops and services are only allowable on ground-floors).

Policy 3.4: Establish a minimum density of 21 units per gross acre in the Mixed-Use District, 31 units per gross acre in the multifamily, very high-density area and a minimum of 41 units per gross acre around the transit stations.

The intent of setting a minimum density is to recognize that land dedicated to housing, particularly around the transit stations, is a valuable resource which should be optimized. Higher density housing in the Midtown Area would provide many benefits to the community and the region, including curbing outward sprawl; providing needed housing for a growing workforce; and providing opportunities for using alternative means of transportation.

Policy 3.5: Provide housing for all income levels (i.e., very low, low, moderate, and above moderate households as defined by the US Department of Housing and Urban Development) throughout the Midtown Area.

A mixture of affordable and market-rate housing should be developed in the Midtown Area. Affordable housing within the area should be targeted to all income levels using definitions provided by the US Department of Housing and Urban Development. A number of factors will be considered, including redevelopment area requirements, proximity to transit, proposed housing types, and regional forecasts such as the As-

sociation of Bay Area Governments' (ABAG's) Regional Housing Needs Determinations,⁴ in determining the overall mix of affordable housing in proposed residential developments.

Policy 3.6: Affordable housing units should be provided with new housing developments. Determine affordable unit requirements on a project-by-project basis, considering the size of the project, the location of the site, and the mix of affordable units in the Midtown Area. Allow housing developments of 12 units or less to pay a fee in lieu of providing affordable units.

Milpitas has an excellent track record with respect to providing affordable housing. The City has typically achieved at least 20% affordable housing in recent developments and this should continue to be a goal for all new housing projects. The City will continue to work with developers to ensure that affordable housing is provided throughout the Midtown Area. Affordable unit requirements will be determined on a project-by-project basis taking into consideration affordable housing targets that have been achieved in other developments. In lieu fees will be determined through Council at a later date.

Policy 3.7: Integrate affordable units within market-rate developments. Ensure that affordable units are architecturally integrated and indistinguishable from market-rate units.

Affordable housing units should be well-integrated within housing developments, with the same access to parking and recreational amenities as market-rate units.

Policy 3.8: Encourage creativity in high-density residential design. Consider housing types, such as live/work lofts, that are not currently developed in the city.

The housing market is constantly evolving as changes in technology and lifestyle create new demands for domestic space. In recent years for example, live/work housing or lofts has evolved from a housing opportunity primarily found in urban industrial zones, to a fairly standard new housing product. Part of the growing popularity in loft housing is linked to the greater ability for people to work at home, and the desire to work in a space that is that is not as confined or as isolated as the extra bedroom in a conventional house or apartment. Live/work housing should be constructed in a manner that is complementary with adjacent uses. Within the life of this plan, it is anticipated that other new housing types will evolve and the plan is intended to be flexible enough to allow for them.

Policy 3.9: Establish a "Future Study Area" on a portion of the rail yards (between Calaveras Boulevard and the Hetch Hetchy right-of-way). Maintain the current manufacturing and warehousing zoning within the Future Study Area and re-zone the area upon resolution of circulation and access issues.

A portion of the rail yards area which is currently planned for manufacturing and warehousing uses represents an area that is attractive for new land uses in the future. Due to access constraints, specifically, the need for an additional railroad crossing, the existing manufacturing and warehousing designation should be maintained for the area. In the future, if property owners wish to pursue other uses on these properties,

appropriate land uses should be determined at that time, taking into consideration the goals of the Specific Plan as well as market opportunities and constraints.

Mixed-Use Policies

The overall goal for Main Street is to establish a more traditional, pedestrian-oriented gathering place which is the "heart" of Milpitas. Main Street was the historic crossroads of Milpitas, however, it developed as more of a highway thoroughfare than a downtown street. Over the past 50 years the street has gone through several periods of change that can be seen in the current mixture of uses along the street. As new retail malls were developed along the Calaveras Boulevard corridor, traditional retailers left the street, and were replaced with uses such as commercial service and auto repair, places of worship, and restaurants. The most recent uses include small-scale office uses, such as medical and business offices. The retail market in the Midtown Area is very competitive; therefore, the strategy for Main Street must rely on a mixture of other land uses to create a more vital street.

The strategy for Main Street includes both land use changes that would allow a broader mix of uses along the street, as well design guidelines and development standards (presented in Section 8.0 of this plan) which create a more comfortable pedestrian-friendly environment.

come households. These funds will be utilized for affordable units within new market-rate housing developments in the Midtown Area. It is desirable to create both affordable rental and ownership housing. Funds for affordable housing should be leveraged to attract other funds/programs to lower housing costs, such as money from state housing programs.

The RDA has spent approximately \$58 million on affordable housing programs and projects, as of the end of fiscal year 2000/2001. This includes direct project expenditures, loans and grants for affordable housing, program management, and debt service expenses. As of the end of 2000/2001 fiscal year, RDA's expenditures exceeded 20% of tax increment revenues by approximately \$4.4 million. This means that the agency is not required to make additional set aside housing expenditures until the balance that has been advanced has been re-paid. At that point the agency will resume making annual deposits to its housing set aside fund to fund affordable housing projects and programs.

Policy 7.9: Establish an in-lieu fee program for affordable housing in compliance with Policy 3.6. Determine the in-lieu fee on a project-by-project basis in order to reflect the most current market changes in the cost of providing housing units.

Policy 3.6 requires affordable housing units to be provided with new housing developments. The affordable unit requirements will be determined on a project-by-project basis, considering the size of the project, the location of the site, and the mix of affordable units in the Midtown

Area. Housing developments of 12 units or less may be allowed to pay a fee in-lieu of providing affordable units. In-lieu fees will be determined through Council at a later date.

Policy 7.10: Pursue funding from government sponsored grant programs for transit and pedestrian realm improvements.

Additional sources of funding for capital projects will be pursued through many grant programs. For example, improvements to the pedestrian and bicycle system, such as improvement of the creek trails and the pedestrian and bicycle overcrossing, may be candidates for Transportation Equity Act for the 21st Century (TEA-21) funding. TEA-21 funds are applicable to a wide range of transportation related projects and typically require a local match.

Policy 7.11: Consider using a portion of the State Park Bond 2000 (Proposition 12) Funds toward developing the creek trail system.

In March 2000, California voters approved the Safe Neighborhood Parks, Clean Water, Clean Air and Coastal Protection Act of 2000 (Proposition 12) which provided \$824 million for local assistance grants. Local grants included within the bill are disbursed both on a per-capita basis as well as on a competitive basis.

In addition to the per-capita grants, Proposition 12 also provides for competitive grants in a number of areas including development of trails. Applications for these competitive grants will be staggered throughout the 2001/02 fiscal year. The grant program will be administered by the State Department of Parks and Recreation.

C. Housing Diversity & Affordability

Guiding Principles

C-G-1: Promote Housing Affordability for both Renters and Homeowners

The City of Milpitas will use available resources to expand the number of new housing units affordable to very-low, low- and moderate-income households.

C-G-2: Support Housing to Meet Special Needs

The City of Milpitas strives to increase the range of housing opportunities for all residents, including those with special needs and those unable to afford market rate housing within the community. The City of Milpitas will place a priority on construction of housing that is appropriate to meet the needs of various special needs populations.

C-G-3: Support Diversity and Creativity in Residential Development

In recognition of the diverse needs of Milpitas' households, the City supports creativity in the design and development of housing projects.

Implementing Policies

- **C-I-1:** Facilitate the development of at least 351 new housing units affordable to low-income households and at least 698 new housing units affordable to very low-income households.

Below-Market Rate Financing Program (New Construction): Utilize available tax-exempt bond financing, Redevelopment Housing Set-Asides, CDBG funds, and other available resources to provide financing for housing affordable to very low- and low-income households.

Study Increasing the Redevelopment Housing Set-Aside: Examine the feasibility of increasing the redevelopment tax increment housing set-aside above 20 percent in-line with the City's ongoing commitment to supporting affordable housing production.

- **C-I-2:** The City of Milpitas will continue to target the provision of at least 20 percent affordable units within new multifamily residential projects.

Use the Planned Unit Development Process to Promote Affordable Units in Residential Projects: In conformance with policies established for new residential development by the Midtown Specific Plan, determine affordable housing requirements on a project by project basis, aiming for a minimum 20 percent affordable units in all housing developments.